

**Alabama Trust Fund  
Balance Sheet (unaudited)  
September 30, 2016**

	Quarter Ended		Change
	9/30/2016	6/30/2016	
<b>Assets:</b>			
Cash/Cash Equivalents	\$ 96,597,768	\$ 71,763,164	\$ 24,834,604
Fixed Income Securities	\$ 849,240,061	822,143,812	27,096,249
Equity Securities	\$ 1,337,015,669	1,330,150,460	6,865,209
Receivable-Pending Sale of Securities	\$ 31,324,631	94,413,923	(63,089,292)
Receivable-Investment Income	\$ 6,860,735	6,860,735	
Due From General Fund	\$ 161,565,874	161,565,874	
Land	199,360,625	199,360,625	
<b>Total Assets</b>	<b>\$ 2,681,965,362</b>	<b>\$ 2,686,258,593</b>	<b>\$ (4,293,230)</b>
<b>Liabilities:</b>			
Payable - Pending Purchase of Securities	\$ 67,399,075	\$ 77,444,837	\$ (10,045,762)
<b>Total Liabilities</b>	<b>\$ 67,399,075</b>	<b>\$ 77,444,837</b>	<b>\$ (10,045,762)</b>
<b>Capital:</b>			
Trust Capital	\$ 590,414,704	\$ 595,620,548	\$ (5,205,844)
Oil and Gas Capital Payments	2,827,552,995	2,816,594,619	10,958,376
Reserve for Rainy Day Accounts	161,565,874	161,565,874	
Equity Gain Transfers	(770,229,803)	(770,229,803)	
CMT Transfers (25% of Rainy Day Transfers)	(194,737,483)	(194,737,483)	
<b>Total Capital</b>	<b>\$ 2,614,566,287</b>	<b>\$ 2,608,813,755</b>	<b>\$ 5,752,532</b>
<b>Total Liabilities and Capital</b>	<b>\$ 2,681,965,362</b>	<b>\$ 2,686,258,592</b>	<b>\$ (4,293,230)</b>

**Alabama Trust Fund**  
**Comparative Statement of Revenues, Expenditures, Changes in Fund Balance**  
**Quarter Ended September 30, 2016**

	Quarter Ended 9/30/2016	Fiscal Year 2016
<b>Revenues:</b>		
Investment Income	\$ 13,658,228	\$ 48,588,401
Realized Gains (Losses) on Sale of Securities	13,126,861	\$ 43,541,611
Gross Oil and Gas Capital Payments	11,069,067	\$ 43,391,159
<b>Total Revenues:</b>	<u>\$ 37,854,156</u>	<u>\$ 135,521,171</u>
 <b>Expenditures:</b>		
Professional Fees	\$ (2,045,992)	\$ (7,941,155)
1% Oil and Gas Capital Payment-Conservation	(110,691)	\$ (433,912)
35% Oil & Gas Capital Payment	-	\$ (21,263,363)
Distributions	(29,944,941)	\$ (149,724,704)
<b>Total Disbursements:</b>	<u>\$ (32,101,624)</u>	<u>\$ (179,363,134)</u>
 <b>Beginning Fund Balance</b>	 <u>\$ 2,608,813,755</u>	 <u>\$ 2,658,408,250</u>
<b>Ending Fund Balance</b>	<u>\$ 2,614,566,287</u>	<u>\$ 2,614,566,287</u>

**ALABAMA TRUST FUND  
ANNUAL HISTORICAL REPORT  
UNAUDITED**

	FY18	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Royalties</b>								
Gross Royalties	43,391,160	61,366,127	88,054,780	83,026,155	85,978,664	119,855,422	120,770,474	177,898,248
Less: State Lands 1%	(433,912)	(613,661)	(880,548)	(830,262)	(859,787)	(1,188,554)	(1,207,705)	(1,778,982)
Settlement Received	N/A	N/A	N/A	N/A	N/A	N/A	3,569,050	N/A
Net Royalties Received	42,957,248	60,752,466	87,174,232	82,195,893	85,118,877	118,666,868	123,131,819	176,119,266
<b>Transfers from the Alabama Trust Fund</b>								
General Fund (90% of income prior to FY13)	103,310,045	100,933,482	103,828,576	114,155,034	77,299,309	84,350,712	91,254,415	116,532,123
Foreverwild (10% of income prior to FY13)	14,972,470	14,628,041	15,000,000	15,000,000	8,588,813	8,987,042	10,139,379	12,948,014
Income reverted to ATF (Prior to FY13)	N/A	N/A	N/A	N/A	N/A	2,385,259	N/A	N/A
Cities (10% of income prior to FY13)	14,972,470	14,628,041	15,041,592	16,348,739	9,133,775	10,139,379	12,947,960	11,164,546
Senior Services	1,497,247	1,462,804	1,504,159	1,634,874	1,141,722	1,013,938	12,947,960	11,164,546
Ala. Capital Improvement Trust Fund (28% of prior year royalties)	17,010,690	24,408,785	23,015,682	23,833,286	33,223,923	34,476,909	971,097	558,227
County Municipal Trust Fund (7% of prior year royalties)	4,252,673	6,102,186	5,753,920	5,958,321	8,305,981	8,619,227	49,313,394	96,684,818
General Fund (Amendment 856)	N/A	135,796,943	140,796,943	145,796,943	N/A	N/A	12,328,349	24,166,205
Capital Gains (Prior to FY13)	N/A	N/A	N/A	N/A	364,900,065	80,130,411	N/A	N/A
ETF Rainy Day Account	N/A	(92,588,873)	(330,388,971)	N/A	(14,412,884)	N/A	N/A	546,738,535
General Fund Rainy Day Account	N/A	N/A	N/A	N/A	N/A	N/A	201,957,343	N/A
Total Transfers	170,988,066	219,999,460	(10,406,507)	339,075,936	497,314,379	238,242,258	391,859,898	819,937,014
<b>Transfers from County and Municipal Trust Fund</b>								
Cities (50% of CMT Fund income prior to FY13)	11,004,948	10,637,278	10,275,948	9,489,485	7,893,549	7,045,503	5,138,041	4,759,798
Counties (50% of CMT Fund income prior to FY13)	11,004,948	10,637,278	10,275,948	9,489,485	7,893,549	7,045,503	5,138,041	4,759,798
Total Transfer from CMT Fund	22,009,896	21,274,556	20,551,897	18,978,930	15,787,097	14,091,006	10,276,082	9,519,596
Book Value of Assets excluding Land (Includes Non-Invested Assets)	2,482,604,737	2,522,952,228	2,698,796,847	2,692,686,992	2,928,358,633	3,229,185,430	3,235,649,489	3,067,871,998
<b>Market Value of Investments (MV of Invested Assets provided by Calian)</b>	2,543,619,915	2,430,232,273	2,591,490,100	2,300,603,517	2,365,338,795	2,483,344,691	2,490,917,845	2,485,574,605
<b>Investment Manager Returns for FY</b>	10.61%	-0.09%	8.48%	9.08%	12.95%	3.88%	10.58%	8.74%



**Alabama Trust Fund  
Securities Lending Income  
Quarter Ended September 30, 2016**

<u>Bank of New York Mellon:</u>	<u>Quarter Ended 9/30/2016</u>	<u>Fiscal Year 2016</u>
Gross Revenues	\$ 412,722	\$ 1,377,041
Broker Rebates	(94,375)	9,910
Net Earnings	318,348	1,386,952
BNY Mellon Share	(63,651)	(277,319)
Paid To ATF	<u>\$ 254,697</u>	<u>\$ 1,109,632</u>
 % of Net Income Paid To ATF	 80%	 80%
 % of Broker Rebates Returned	 23%	 -1%
 <u>Retirement Systems of Alabama:</u>		
Gross Revenues	\$ 52,573	\$ 195,500
Broker Rebates	(15,074)	(51,737)
Net Earnings	37,499	143,762
RSA Share	(5,629)	(31,970)
Paid To ATF	<u>\$ 31,870</u>	<u>\$ 111,792</u>
 % of Net Income Paid To ATF	 85%	 78%
 % of Broker Rebates Returned	 29%	 26%
 <b>Total Securities Lending Income Paid to ATF</b>	 <u><b>\$ 286,567</b></u>	 <u><b>\$ 1,221,424</b></u>

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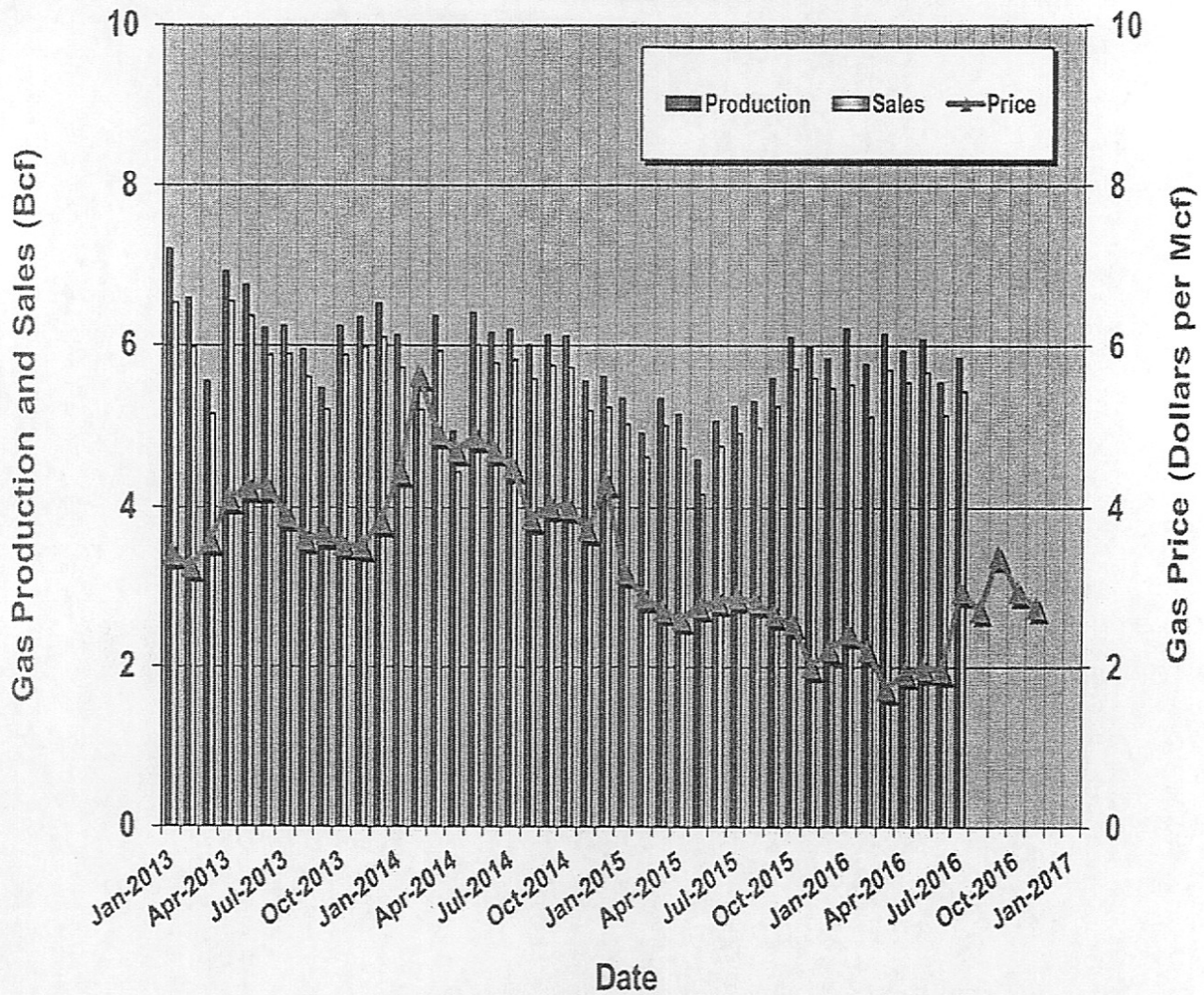
**Downgrades**

Security	PAR Amount	Rating Agency	Credit Rating Date	Maturity Date	From	To
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*There were no downgrades this quarter.*



## Alabama State Waters Gas Production, Sales, & Price



	Current Fiscal Year		Prior Fiscal Year	
	Quarter	Year-to-Date	Quarter	Year-to-Date
Oil & Gas Capital Payments	\$ 11,069,067	\$ 43,391,160	\$ 11,840,239	\$ 61,366,127
Less: Transfer to Lands Division	(110,691)	(433,912)	(118,402)	(613,661)
<b>Total</b>	<b>\$ 10,958,376</b>	<b>\$ 42,957,249</b>	<b>\$ 11,721,837</b>	<b>\$ 60,752,466</b>

**Forever Wild Land Trust Stewardship Account  
Investment Report  
September 30, 2016**

	<u>Market Value</u>
<b>Cash and Equivalents:</b>	
Cash/Cash Equivalents	\$ 1,398,610
<b>Investments:</b>	
U S Gov't & Agencies	27,453,945
Mortgage Backed Securities	430,753
<b>Total Fund</b>	<b><u>\$ 29,283,308</u></b>

**Notes To The Report:**

- 1) Short Term investments include Federated Government Obligations and Fidelity Government Money Market Funds  
Fixed income investments are invested in the Regions Government Enhanced Cash Fund
- 2) Amendment 543 states that The Alabama Trust Fund Board shall establish a separate account within the Alabama Trust Fund to be known as the Forever Wild Land Trust Stewardship Account(Stewardship Account).  
When the Forever Wild Land Trust acquires property or an interest in property pursuant to this Amendment, the Board of Trustees of the Forever Wild Land Trust shall set aside an amount from the Forever Wild Trust equal to fifteen percent (15%) of the appraised value of the land acquired, or the land affected if less than a fee interest was acquired.
- 3) The Alabama Trust Fund Board shall provide for the investment of the Stewardship Account.
- 4) The Board of Trustees of the Alabama FWLT may expend these funds.

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**Fund Performance**

	<u>Fund</u>	<u>Barclays 1-3 Yr Gov't Index</u>	<u>Plus/Minus</u>
Last Quarter	-0.04%	-0.10%	0.06%
1 Year	1.07%	0.89%	0.18%
3 Years	0.95%	0.87%	0.08%
Since Inception	1.09%	1.06%	0.03%

**Notes to the report:**

- 1) The financial performance data was provided by Regions Investment Management.
- 2) Returns are time-weighted total returns, net of fees and returns longer than 1 year are annualized.
- 3) Portfolio inception date September 30, 2009



**Alabama Capital Improvement Trust Fund  
Investment Report  
September 30, 2016**

	<u>Market Value</u>
<b>Cash and Equivalents:</b>	
Cash/Cash Equivalents	\$ 88,924
<b>Investments:</b>	
U S Gov't & Agencies	1,448,632
Mortgage Backed Securities	111,237
<b>Total Fund</b>	<u><u>\$ 1,648,793</u></u>

**Notes To The Report:**

- 1) Short Term investments include Federated Government Obligations and Fidelity Government Money Market Funds. Fixed income investments are invested in the Regions Government Enhanced Cash Fund.
- 2) Funded by 28% of annual Oil and Gas Capital Payments received by the Alabama Trust Fund
- 3) "Funds in the Alabama Capital Improvement Trust Fund shall be invested by the Board of Trustees in such kinds of investments as are authorized for the investment of the Alabama Trust Fund."
- 4) All income deposited into the General Fund monthly.
- 5) Funds may be appropriated for capital improvements as defined by Amendment 666.

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**Fund Performance**

	<u>Fund</u>	<u>Barclays 1-3 Yr Gov't Index</u>	<u>Plus/Minus</u>
Last Quarter	-0.01%	-0.10%	0.09%
1 Year	1.07%	0.89%	0.18%
3 Years	1.09%	0.87%	0.22%
Since Inception	1.18%	1.06%	0.12%

**Notes to the report:**

- 1) The financial performance data was provided by Regions Investment Management.
- 2) Returns are time-weighted total returns, net of fees and returns longer than 1 year are annualized.
- 3) Portfolio inception date September 30, 2009



**Alabama Trust Fund  
Education Trust Fund Rainy Day Account**

**FY2017**

Prior Year Appropriated Amount:	\$ 6,099,637,283
Annual Available Fund Balance:	396,476,423

Rainy Day account equals 6.5% of the prior year's appropriations.  
Amounts supplied by Budget Office. Amounts are to be repaid within 6 years.

**Alabama Trust Fund  
General Fund Rainy Day Account**

	<u><b>FY2017</b></u>
<b>Prior Year Appropriated Amount</b>	\$ 1,910,568,880
<b>Annual Available Fund Balance(1):</b>	191,056,888
Withdrawals:	
8/9/2010	(123,802,227)
9/29/2010	<u>(37,763,647)</u>
<b>Total Withdrawals:</b>	(161,565,874)
 No Replenishments have been made	 -
 <b>Available Balance</b>	 <u><u>\$ 29,491,014</u></u>

**Computation of Amount Due From**

Total Withdrawals	\$ 161,565,874
Less: Replenishments	<u>-</u>
<b>Amount Due From General Fund</b>	<u><u>\$ 161,565,874</u></u>

Note 1     Rainy Day account equals 10% of the prior year's appropriations.  
Amounts supplied by Budget Office and are to be repaid within 10 years



## Purpose of the Financing

- In recent years, the State withdrew money from the Alabama Trust Fund and the General Fund Rainy Day Account for budget purposes
- The State Constitution and state law require that these monies be repaid by a certain date
- Proceeds from the Series 2016-B Bonds will be used to repay these funds
- Additionally, \$120 million of the 2016-B proceeds will be used to support the Alabama Medicaid Agency
- Up to \$120 million will be used from proceeds of the 2016-A Bonds for transportation improvement projects in South Alabama

HB 36 establishes the following uses, in the priority order shown, for the bond proceeds:

1. \$161,565,874 to the General Fund Rainy Day Account
2. \$238,434,126 to the Alabama Trust Fund
3. \$120,000,000 to the Alabama Medicaid Agency
4. \$120,000,000 to the Alabama Department of Transportation
5. Remaining proceeds, if any, to the Alabama Trust Fund



**ALABAMA TRUST FUND  
DISTRIBUTION SCHEDULE  
FY 2017**

First Quarter

Forever Wild (capped @ \$15 million) until FY 2032	3,552,176.96
Senior Services Trust Fund (capped @ \$5 million)	355,217.70
General Fund	<u>24,510,021.05</u>
Total	28,417,415.71

Second Quarter

Forever Wild (capped @ \$15 million) until FY 2032	3,552,176.96
Senior Services Trust Fund (capped @ \$5 million)	355,217.70
General Fund	<u>24,510,021.05</u>
Total	28,417,415.71

Third Quarter

County Government Capital Improvement Fund	14,208,707.86
Municipal Government Capital Improvement Fund	14,208,707.86
Forever Wild (capped @ \$15 million) until FY 2032	3,552,176.96
Senior Services Trust Fund (capped @ \$5 million)	355,217.70
General Fund	<u>24,510,021.05</u>
Total	56,834,831.43

Fourth Quarter

Forever Wild (capped @ \$15 million) until FY 2032	3,552,176.96
Senior Services Trust Fund (capped @ \$5 million)	355,217.70
General Fund	<u>24,510,021.05</u>
Total	28,417,415.71

Total Distributions	\$ 142,087,078.57
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**ALABAMA TRUST FUND  
DISTRIBUTION SCHEDULE  
FY 2018**

First Quarter

Forever Wild (capped @ \$15 million) until FY 2032	3,492,973.78
Senior Services Trust Fund (capped @ \$5 million)	349,297.38
General Fund	<u>24,101,519.12</u>
Total	27,943,790.28

Second Quarter

Forever Wild (capped @ \$15 million) until FY 2032	3,492,973.78
Senior Services Trust Fund (capped @ \$5 million)	349,297.38
General Fund	<u>24,101,519.12</u>
Total	27,943,790.28

Third Quarter

County Government Capital Improvement Fund	13,971,895.14
Municipal Government Capital Improvement Fund	13,971,895.14
Forever Wild (capped @ \$15 million) until FY 2032	3,492,973.78
Senior Services Trust Fund (capped @ \$5 million)	349,297.38
General Fund	<u>24,101,519.12</u>
Total	55,887,580.56

Fourth Quarter

Forever Wild (capped @ \$15 million) until FY 2032	3,492,973.78
Senior Services Trust Fund (capped @ \$5 million)	349,297.38
General Fund	<u>24,101,519.12</u>
Total	27,943,790.28

Total Distributions	\$ 139,718,951.40
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**CMT FUND  
DISTRIBUTION SCHEDULE  
FY 2017**

Total Amount of Distribution	<u>22,151,109.92</u>
April Distribution	
County Government Capital Improvement Fund	11,075,554.96
Municipal Government Capital Improvement Fund	<u>11,075,554.96</u>
Total Distributions	\$ 22,151,109.92



**CMT FUND  
DISTRIBUTION SCHEDULE  
FY 2018**

Total Amount of Distribution	<u>22,329,169.50</u>
April Distribution	
County Government Capital Improvement Fund	11,164,584.75
Municipal Government Capital Improvement Fund	<u>11,164,584.75</u>
Total Distributions	\$ 22,329,169.50

# FY 2016 Transfer of Royalties in accordance with Amendment 666

## Calculation of Amount to be Transferred:

Gross Oil and Gas Royalties	\$ 43,391,160.30
Less: 1% Paid to Conservation	<u>(433,911.60)</u>
FY16 Net Oil/Gas Royalties	<u>\$ 42,957,248.70</u>
Total Amount Distributed (35%)	\$ 15,035,037.04

County & Municipal Government Capital Improvement Trust Fund (7%)	\$ 3,007,007.41
Alabama Government Capital Improvement Trust Fund (28%)	<u>12,028,029.64</u>
Total Amount Distributed	<u>\$ 15,035,037.04</u>

## Amendment No. 666: Section IV

Beginning on October 1 immediately following the ratification of this amendment, 35% of all Oil and Gas Capital Payments paid into the Alabama Trust Fund in any fiscal year shall be transferred by the State treasurer to the special trust funds created by this amendment in the following manner: (a) an amount equal to seven percent (7%) of all Oil and Gas Capital Payments received by the Alabama Trust Fund during the preceding fiscal year shall be paid into the County and Municipal Government Capital Improvement Trust Fund; and (b) an amount to twenty-eight percent (28%) of all Oil and Gas Capital Payments received by the Alabama Trust Fund during the preceding fiscal year shall be paid into the Alabama Capital Improvement Trust Fund.